



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
Phone: (780) 496-5026

NOTICE OF DECISION NO. 0098 653/11

Altus Group
17327 106A Avenue
Edmonton, AB T5S 1M7

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton, AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on January 9, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9547159	4625 92 Avenue NW	Plan: 3597NY Block: 1 Lot: A	\$4,864,000	Annual New	2011

Before:

Robert Mowbrey, Presiding Officer
Brian Hetherington, Board Member
Tom Eapen, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Joel Schmaus, Assessor, City of Edmonton

PRELIMINARY MATTERS

1. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

2. The subject property is a two building medium-sized warehouse located at 4625 92 Avenue in the Lambton Industrial subdivision of S.E. Edmonton. The subject property has main floor coverage of 37,381 sq. ft. and finished upper office of 4,151 sq. ft. The site coverage of the subject property is 28% and the assessment of the property is \$4,864,000.

ISSUE(S)

3. Is the subject property equitably assessed with similar properties and are the equity comparables similar?

LEGISLATION

Municipal Government Act, RSA 2000, c M-26

S. 467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

S. 467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- a) the valuation and other standards set out in the regulations,*
- b) the procedures set out in the regulations, and*
- c) the assessments of similar property or businesses in the same municipality.*

POSITION OF THE COMPLAINANT

4. The Complainant filed this complaint on the basis that the subject property assessment is in excess of similar competing properties. In support of this position, the Complainant presented the Board with a chart of seven equity comparables of warehouse properties on interior locations, which were built between 1975 and 1983, while the subject property was built in 1974 (Exhibit C-1, page 8). The leasable building area ranged from 31,701 to 56,638 square feet. The site coverage ranged from 27 to 36%. The assessment per square foot of leasable building area ranged from \$75.57 to \$105.64.
5. The Complainant advised the Board that due to attributes such as age, size, location and site coverage, it has been determined that the indicated equitable value for the subject property is \$97.00 per square foot.
6. Under rebuttal, the Complainant advised the Board that the Respondent's equity comparables are all located on a major arterial roadway, whereas the subject property is an interior location (Exhibit C-2, page 2).

7. The Complainant is requesting a 2011 assessment of \$4,028,500 based on equitable competing properties.

POSITION OF THE RESPONDENT

8. The Respondent presented the Board with a 65-page brief, including the City of Edmonton's Law and Legislation document (Exhibit R-1). The Respondent advised the Board of the City of Edmonton's mass appraisal approach for its warehouse inventory. The Respondent uses the direct sales methodology and sales occurring from January 2007 to June 2010 were used in the model development and testing.
9. Factors found to affect value in the warehouse inventory were: the location of the property, the size of the lot, the age and condition of the building, the total area of the main floor, developed second floor and mezzanine area.
10. The most common unit of comparison for industrial purposes is value per sq. ft. of building area. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison.
11. To support the City of Edmonton's assessment of the subject property, the Respondent presented to the Board a chart of five equity comparables. All were multiple-property developments and had been built with completion dates between 1974 and 1976 (Exhibit R-1, page 21). The total areas of the equity comparables ranged from 31,457 to 49,904 square feet. The assessments of the comparable properties ranged from \$115.99 per sq. ft. to \$128.12 per sq. ft., which supports the current assessment of \$117.11 per sq. ft.
12. The Respondent challenged the Complainant's equity comparables stating that only one (# 4) had two buildings on the site, while the subject property was a two-building project.
13. In addition, the Respondent advised the Board that the Complainant's equity comparable number 3 had an industrial negative adjustment of 5%. The Respondent further advised the Board that the Complainant's equity comparable number 4 had one of the two buildings that was assessed using the cost method.
14. The Respondent asked the Board to confirm the 2011 assessment of \$4,864,000 as being fair and equitable.

DECISION

15. The decision of the Board is to confirm the 2011 assessment of \$4,864,000 as being fair and equitable.

REASONS FOR THE DECISION

16. The Board reviewed both the Complainant's and the Respondent's equity comparables and found both lacking in terms of comparability to the subject property. The Complainant's equity comparables had only one comparable that had multiple buildings, one equity comparable was partly assessed on the cost method, and one comparable had an industrial negative adjustment.

17. The Respondent's equity comparables are all on major arterial roadways, whereas the subject property is in an interior location. In addition, only one of the Respondent's equity comparables has upper finished area, whereas the subject property has a finished upper area.
18. However, the onus of responsibility and burden of proof lies with the Complainant to present material that clearly and effectively demonstrates an error in the assessment. The Complainant failed to do so at this hearing.

DISSENTING OPINION AND REASONS

19. There was no dissenting opinion.

Dated this 24th day of January, 2012, at the City of Edmonton, in the Province of Alberta.

Robert Mowbrey, Presiding Officer

This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, RSA 2000, c M-26.

cc: SREIT (QUEST CAPILANO) LTD